

RESOLUTION NO. 74513

A RESOLUTION OF THE COUNCIL OF THE CITY OF SAN JOSÉ AMENDING AND RESTATING RESOLUTION NO. 74401 TO APPROVE, AUTHORIZE AND DIRECT EXECUTION OF CERTAIN FINANCING DOCUMENTS AND DIRECTING CERTAIN RELATED ACTIONS IN CONNECTION WITH THE ISSUANCE OF THE CITY OF SAN JOSÉ FINANCING AUTHORITY LEASE REVENUE BONDS, SERIES 2008B (CIVIC CENTER GARAGE REFUNDING PROJECT) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$40,000,000

WHEREAS, the City of San José (the “City”) and the Redevelopment Agency of the City of San José have heretofore entered into a Joint Exercise of Powers Agreement establishing the City of San José Financing Authority (the “Authority”) for the purpose, among others, of having the Authority issue its bonds to finance the acquisition, construction and improvement of certain public capital improvements; and

WHEREAS, the Authority has heretofore determined to adopt and implement a program under which the Authority will provide financing for certain public capital improvements for the City of San José (the “City”); and

WHEREAS, the Authority has heretofore issued its Tax-Exempt Lease Revenue Commercial Paper Notes (the “CP Notes”) and applied a portion of the proceeds thereof to assist the City in connection with the City’s acquisition and construction of a parking garage located across from the City’s Civic Center at 50 North Fourth Street (the “Facilities” and, together with the hereinafter mentioned Site, the “Project”); and

WHEREAS, the Authority now intends to issue a series of its lease revenue bonds under the provisions of Article 4 (commencing with Section 6584) of Chapter 5 of Division 7 of Title 1 of the Government Code of the State of California (the “Act”), to be designated “City of San José Financing Authority Lease Revenue Bonds, Series 2008B (Civic Center Garage Refunding Project)” (the “Series 2008B Bonds”) in order to refinance the portion of the CP Notes issued for the Project; and

WHEREAS, pursuant to a Site and Facility Lease between the City, as lessor, and the Authority, as lessee (the “Site Lease”), the City will lease both the land on which the Facilities are constructed (the “Site”) and the Facilities to the Authority and, in return therefor, the Authority will apply, or caused to be applied, a portion of the proceeds of the Series 2008B Bonds to retire that portion of the CP Notes used to acquire and construct the Facilities; and

WHEREAS, pursuant to a Project Lease between the Authority, as lessor, and the City, as lessee (the “Project Lease”), the Authority will lease back the Project to the City, and the City, pursuant to the Project Lease, will pay to the Authority lease payments (the “Lease Payments”) for the use and occupancy of the Project sufficient to pay the principal of and interest and premium, if any, on the Series 2008B Bonds (or to reimburse the Credit Provider, as hereinafter defined, for drawings on the Credit Facility, as hereinafter defined, used to pay debt service on the Series 2008B Bonds), and certain related expenses; and

WHEREAS, the Series 2008B Bonds will initially be issued as variable rate bonds bearing interest at a weekly interest rate; and

WHEREAS, the Authority and the City desire to provide credit and liquidity support for the Series 2008B Bonds and, to that end, the Authority and the City will obtain an irrevocable direct-pay letter of credit (the "Credit Facility") issued severally, but not jointly, by Bank of America, N.A., and the California State Teachers' Retirement System (collectively, the "Credit Provider") to support the payment of debt service on the Series 2008B Bonds, and the payment of the purchase price of the Series 2008B Bonds upon their optional or mandatory tender, as provided in the Credit Facility and the Indenture of Trust (the "Indenture") between the Authority and Wells Fargo Bank, National Association, as trustee (the "Trustee"); and

WHEREAS, in connection with the issuance and delivery of the Credit Facility, the Authority and the City will enter into a Letter of Credit Reimbursement Agreement (the "Credit Agreement") and an agreement related to the payment of fees in connection with the Credit Facility (the "Fee Agreement") with the Credit Provider; and

WHEREAS, the Series 2008B Bonds will be sold by negotiated sale, and the proposed form of the Purchase Contract (the "Purchase Contract") by and among the Authority, the City and Banc of America Securities LLC (the "Underwriter") relating to the purchase of the Series 2008B Bonds by the Underwriter has been presented to the Authority, together with the proposed form of the Official Statement for the Series 2008B Bonds (the "Official Statement") containing information to be used in connection with the marketing of the Series 2008B Bonds by the Underwriter; and

WHEREAS, the City Council duly considered such transactions at its meeting of June 3, 2008 and adopted Resolution No. 74401 (the "Original Resolution") approving various financing documents and authorizing and directing the execution of such documents in connection with the Authority's issuance of the Series 2008B Bonds in an aggregate principal amount not to exceed \$35,000,000; and;

WHEREAS, the City Council wishes to amend and restate the Original Resolution in order to approve the various financing documents and to authorize and direct the execution of such documents in connection with the Authority's issuance of the Series 2008B Bonds in an aggregate principal amount not to exceed \$40,000,000 and to authorize and direct other actions related to the issuance of the Series 2008B Bonds, including the substitution of the Underwriter in the event such substitution becomes necessary and to approve certain matters relating to said transactions in the public interest of the City;

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SAN JOSE AS FOLLOWS:

Section 1. Findings and Determinations. Pursuant to the Act, the City Council hereby confirms its findings and determinations that the improvements to be financed or refinanced with the proceeds of the Series 2008B Bonds constitute "public capital improvements" and that the issuance of the Series 2008B Bonds and the transactions related thereto will result in significant public benefits within the contemplation of Section 6586 of the Act.

Section 2. Sale of Series 2008B Bonds. The City Council hereby approves the sale of the Series 2008B Bonds by the Authority by negotiation with the Underwriter pursuant to the Purchase Contract in the form on file with the City Clerk of the City (the "City Clerk"), together with such additions thereto and changes therein as the City Manager of the City or the authorized designees of the City Manager (each, a "Designated Officer") shall deem necessary, desirable or appropriate upon consultation with the City Attorney, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final form of the Purchase Contract for and in the name of and on behalf of the City upon the submission of an offer by the Underwriter to purchase the Series 2008B Bonds, which offer is acceptable to the Designated Officers and consistent with the requirements of this Resolution, provided that the amount of Underwriter's discount for the Series 2008B Bonds shall not exceed 0.30% of the par amount thereof. The final maturity of the Series 2008B Bonds shall be no later than June 1, 2039, and the total aggregate principal amount of the Series 2008B Bonds issued shall not exceed \$40,000,000. The takedown fee paid to the Underwriter for the Series 2008B Bonds will not exceed \$1.50/\$1,000 of the par amount issued. Additionally, the Designated Officers, without further action of the City Council, each are authorized to enter into a purchase contract for the negotiated sale of the Series 2008B Bonds with an investment banking firm other than the Underwriter in substantially the form approved hereby, and on the terms described in this Section (the "Substitute Purchase Contract"), if the Designated Officers deem it is in the best interest of the City to do so. The City Council hereby authorizes the performance by the City of its obligations under the Purchase Contract or the Substitute Purchase Contract, as applicable.

Section 3. Official Statement. The City Council hereby approves the form of Official Statement in the form presented to this meeting, together with such changes or additions thereto as the Designated Officers shall deem necessary, desirable or appropriate upon consultation with the City Attorney. Distribution of the Official Statement in connection with the negotiated sale of the Series 2008B Bonds is hereby approved. The Designated Officers, each acting alone, are hereby authorized to execute the final form of the Official Statement with such changes or additions as the Designated Officers shall deem necessary, desirable or appropriate upon consultation with the City Attorney, and the execution of the final Official Statement by the City shall be conclusive evidence of the approval of any such additions and changes. The City Council hereby authorizes the distribution of the final Official Statement by the Underwriter.

Section 4. Approval of Site Lease and Project Lease. The City Council hereby approves the Site Lease and the Project Lease in the forms on file with the City Clerk, with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate upon consultation with the City Attorney, the execution or acceptance of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the Site Lease and the Project Lease, and such other agreements, documents and certificates as may be necessary or desirable to effectuate the purposes of this Resolution and the matters herein authorized, including, without limitation, such other agreements, documents and certificates as may be required by the Site Lease and the Project Lease. The City Council hereby authorizes the performance by the City of its obligations under the Site Lease and the Project Lease.

Section 5. Approval of Credit Facility and Credit Agreement. The City Council hereby approves the use of the Credit Facility to provide credit and liquidity support for the Series 2008B Bonds and authorizes the Designated Officers, each acting alone, to take all actions as they deem necessary to ensure the delivery of the Credit Facility by the Credit Provider in connection with the issuance of the Series 2008B Bonds. The City Council hereby approves the Credit Agreement and the Fee Agreement in the forms on file with the City Clerk, together with such additions thereto and changes therein as the Designated Officers shall deem necessary, desirable or appropriate upon consultation with the City Attorney, the execution of which by the City shall be conclusive evidence of the approval of any such additions and changes. The Designated Officers, each acting alone, are hereby authorized and directed to execute the final forms of the Credit Agreement and the Fee Agreement, in the name of and on behalf of the City. The City Council hereby authorizes the performance by the City of its obligations under both the Credit Agreement and the Fee Agreement.

Section 6. Official Actions. The Designated Officers and the City Clerk, and any and all other officers of the City are hereby authorized and directed, for and in the name of and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all documents, assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and documents, which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and sale of the Series 2008B Bonds, the payment of that portion of the CP Notes issued for the Project, and the consummation of the transactions as described herein, including, without limitation, such documents, assignments, certificates and agreements as may be required by the Indenture, the Site Lease, the Project Lease, or any other document initially executed in connection with the issuance and delivery of the Series 2008B Bonds or the payment of that portion of the CP Notes issued for the Project.

ADOPTED this 24th day of June, 2008, by the following vote:

AYES: CAMPOS, CHIRCO, CHU, CORTESE, LICCARDO,
NGUYEN, OLIVERIO, WILLIAMS; REED.

NOES: NONE.

ABSENT: CONSTANT.

DISQUALIFIED: PYLE.

CHUCK REED
Mayor

ATTEST:

LEE PRICE, MMC
City Clerk